

Economic Analysis

November Retail Sales Reflect Holiday Spending

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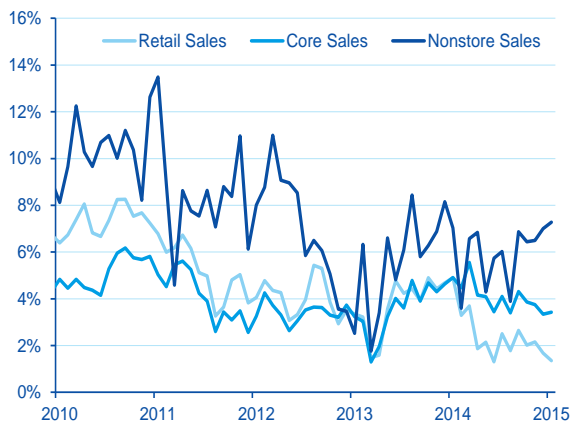
- **Retail sales rose 0.2% MoM while core sales increased 0.6% MoM**
- **Purchases of goods rose in 9 out of 13 categories, held back by weak auto and gas sales**
- **Nonstore retailers saw the biggest YoY rise, 7.3%, as a result of Cyber Monday sales**

Retail sales were up 0.2% MoM in November, which was below consensus but still the highest level in four months. Sales at gasoline stations, which declined 0.8% MoM, are partly to blame for the lower-than-expected rise, while auto sales also decreased for the second month in a row, declining 0.5% MoM. It appears that lower spending on autos and gas has allowed consumers to spend more on other categories, with core sales up 0.6% MoM—the highest level since July. On a YoY basis, core sales rose 3.4%, while total retail sales were up 1.4%. Retail sales increased in nine out of 13 major categories, with the exceptions including autos, gas, building materials and furniture.

Consumers seem to have gotten a head start on their holiday shopping. Sales at popular retailers for gifts were up MoM, including electronics (0.6%), clothing and accessories (0.8%) and sporting goods and hobby stores (0.8%). Sales at nonstore retailers, including online shopping, were up 0.6% MoM, which reflects the record-breaking Cyber Monday sales this year. On a YoY basis, nonstore retailers had the biggest rise at 7.3%, followed by food services and drinking places, up 6.5%.

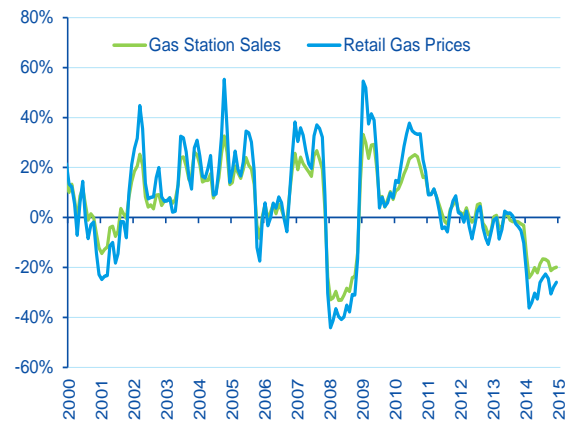
Despite November’s soft gain in retail sales, the broad-based increase indicates that consumers are loosening their wallets on discretionary spending, perhaps reflecting the impact of the holiday season. We expect robust job growth, continued wage gains and savings from the pump to further support consumer spending into the end of the year.

Chart 1
Retail, Core and Nonstore Sales
YoY %Change



Source: US Census Bureau & BBVA Research

Chart 2
Gas Prices and Sales
YoY %Change



Source: US Census Bureau, EIA, & BBVA Research

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